

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN INVESTIGATION OF TOLL AND ACCESS)	
CHARGE PRICING AND TOLL SETTLEMENT)	
AGREEMENTS FOR TELEPHONE UTILITIES)	CASE NO. 8838
PURSUANT TO CHANGES TO BE EFFECTIVE)	PHASE III
JANUARY 1, 1984)	

O R D E R

On January 22, 1987, the Commission issued an Order rejecting a Busy-Hour Minutes of Capacity modification to the Universal Local Access Services Tariff ("ULAS Tariff") and instituted a 55 percent discount for Feature Group "A" access. On February 11, 1987, US Sprint Communications Company ("Sprint") filed a petition for rehearing and/or clarification of the Commission's Order. Sprint requested that the Commission clarify that the ULAS discount be equally applicable to ULAS interLATA channels in proportional relation to Feature Group "B" as well as Feature Group "A". The Commission confirmed that such was its intent, by Order dated March 3, 1987.

On March 2, 1987, a letter was filed by South Central Bell Telephone Company ("SCB") requesting, in its capacity as Pool Administrator, the Commission's directive concerning the implementation of the discount. Included with the letter were two suggested approaches as follows:

Approach #1: Exclude 55 percent of the intrastate interLATA customer billed minutes associated with intrastate interLATA non-premium billed access minutes from the calculation of the intrastate allocation.

Approach #2: Subtract 55 percent of intrastate interLATA nonpremium access channels served by exchange carrier non-equal access offices, from the total channels assigned to intrastate interLATA for each individual interLATA carrier.

The Commission finds that neither approach completely reflects the intent of the January 22, 1987, Order, which was to apply the discount to the ULAS interLATA channels in the same proportion as nonpremium switched access occurs. Approach #1 essentially reduces the intrastate jurisdictional allocator. However, since the reduction would be applied to both the intrastate billed minutes and the total billed minutes, it fails to reflect the full value of the discount. For instance, the discount would tend to disappear for a company with high intrastate usage. In addition, since the interLATA carriers do not bill their customers based on the type of access available, this approach would require the carriers to relate billed minutes to access minutes, since only access minutes are billed based on the type of access.

Although the language appears more reflective of the Commission's intent, Approach #2 is not practical since it would be difficult to relate "nonpremium access channels served by exchange carrier non-equal access offices" to the actual type of access available to the interLATA carrier's customer. For

example, a call placed from a nonequal access office can conceivably be routed through an equal access office, at which point the call could enter the interLATA carrier's network. A strict interpretation of Approach #2 would result in no discount being applied to the channels associated with transmitting this call, although such would be the intent.

As previously stated, the Commission's intention is to apply a discount to the ULAS interLATA channels in the same proportion as nonpremium switched access occurs. The most logical interpretation of this is to develop a ratio using nonpremium intrastate interLATA switched access minutes in the numerator and total intrastate interLATA minutes in the denominator. These access minutes should be determined based upon access ordered and billed from the appropriate intrastate switched access tariff. This ratio should then be used to determine the portion of intrastate interLATA channels to which the discount would apply. The difficulty with this is the determination of "intrastate interLATA" access minutes, since the exchange carriers do not bill the interLATA carriers on this basis, and therefore interLATA usage cannot be distinguished from intraLATA usage. However, the customer billed minutes do reflect the jurisdictional usages. Since these minutes are already being used to distinguish intrastate channels from interstate channels, it is not difficult to use them to distinguish intrastate interLATA channels from intrastate intraLATA channels. The nonpremium ratio, as previously described should then be applied to the intrastate

interLATA channels to determine the number of channels to which the discount should apply. This procedure is outlined in Appendix A.

FINDINGS AND ORDERS

The Commission, having considered the evidence of record and being advised, is of the opinion and finds that:

1. Neither of the approaches suggested by SCB adequately reflects the 55 percent discount to the ULAS intrastate interLATA channels.

2. The approach described in this Order and outlined in Appendix A more accurately reflects the 55 percent discount and should be implemented.

3. SCB should file revised ULAS tariffs to comply with the provisions of this Order.

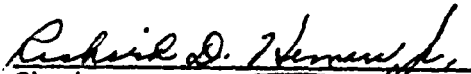
IT IS THEREFORE ORDERED that:

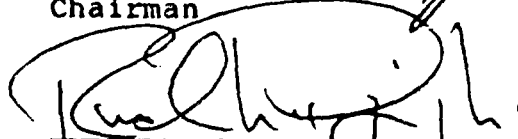
1. SCB shall file a revised ULAS Tariff to implement the discount as described in this Order.

2. The interLATA carriers shall include premium and nonpremium intrastate switched access minutes in their ULAS reports.

Done at Frankfort, Kentucky, this 7th day of May, 1987.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE PUBLIC SERVICE COMMISSION IN CASE NO. 8838 PHASE III DATED

MAY 7, 1987

M1 = interstate customer billed minutes

M2 = intrastate interLATA customer billed minutes

M3 = intrastate intraLATA customer billed minutes

M4 = intrastate nonpremium access minutes

M5 = intrastate premium access minutes

C = number of nonexempt channels

$A = \frac{M4}{M4+M5}$ = fraction of nonpremium access

$E = \frac{M2}{M1+M2+M3}$ = fraction intrastate interLATA usage

$F = \frac{M3}{M1+M2+M3}$ = fraction intrastate intraLATA usage

.45AEC = number of intrastate interLATA channels
discounted by nonpremium access

(1-A)EC = number of intrastate interLATA premium
access channels

[.45AE + (1-A)E + F]C = total number of intrastate ULAS
channels

This equation reduces to: [(1-.55A)E + F]C